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COMPUTATION AND DISTRIBUTION OF BONUSES IN CHINA

Shanghai Tien-li Kung-ssu Mou-hao
 Fa-tien-chi Ta-chien-hsiu-chung ti
 Chi-hsiang Kung-tso Ching-yen
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Ch'en Miao-ken

Summary: This report describes the operations of the bonus system and the related system of classifying and evaluating the efficiency of workers in an electric generating plant of the Shanghai Electric Power Company. The report gives in full Chapter III of the above-named monograph.

The Shanghai Electric Power Company adopted a new bonus system to reward its workers for their repair of an unidentified generator. The new system repudiates the equal distribution principle and compensates the workers according to a "work harder and get more" principle. The old bonus system had several weak points. For instance, it rewarded the workers on the basis of extra time. Workers were compensated for the amount of time they put in beyond the originally required or estimated time. Before the liberation the workers slowed down their work as a means of resistance to the enemy and to force the enemy to pay for overtime work. This was a correct policy at that time. While this method was in use, workers neglected the quality and quantity of their output and lacked a sense of responsibility. They cared more for money than for the quality of work.

Another weakness of the former system was its failure to make a distinction between skilled and unskilled labor. It distributed the bonus equally among the workers. Thus an unskilled worker sometimes received more than a skilled worker. For instance, a shower room attendant received 280,000 yuan while a skilled worker received only 240,000 yuan. Whenever a bonus was distributed there were quarrels and complaints among the workers. The skillful and experienced workers were particularly disappointed. Since such a bonus system was detrimental to efficiency, the executives of the company were determined to revise it before the repair job was undertaken.

First, the management held consultations with the workers. A new method for computing the bonus was written into the collective contract. Under the new system the bonus was to be distributed on a "more-work more-pay" basis. But the exact amount of the bonus was to be determined by an evaluation committee organized under the leadership of the trade union. Technical skill, initiative, work attitude, and cooperation were among the criteria upon which the bonus was to be distributed. The revision of the bonus system in fact has somewhat stimulated production.

Characteristics of the New Bonus System

The new system incorporates a performance responsibility system. It distinguishes two types of bonus: a bonus for the completion of quotas and a bonus for the overfulfillment of quotas. Furthermore, it adopts an installment bonus plan. Such a bonus system incorporating a performance responsibility system can prevent the qualitative deterioration of work. It shows the workers a clear objective and inspires them to develop enthusiasm in their work. All these special features of the new system were important factors for overfulfillment of the repair job by 28 percent and for the good quality of work throughout the repair operations.

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Workers are rated according to their skill, initiative, cooperation, and work attitude. On the basis of skill, workers are placed in three categories (foreman, technician, and unskilled worker) covering 16 grades (the evaluation consists of placing the workers of each category in 6 or 7 grades according to their cooperation, initiative, and work attitude). The maximum weighted score for a foreman is 70 points and the minimum score for an unskilled worker is 40, a difference of 30 points. An excellent unskilled worker may be promoted to the lowest grade of skilled worker, while an excellent skilled worker may be promoted to the second grade of foreman (see appended Table 1).

Nine items in connection with work attitude, cooperation, and initiative were formulated for the evaluation of workers. The maximum raw score for each worker is 100. The raw score credited to a worker is weighted to obtain his exact grade (see appended Table 3). This classification system which follows the principle of "work harder and get more" has helped the workers to develop an enthusiasm for production and has also encouraged the unskilled workers to improve their technique during their spare time.

A more reasonable distribution of the bonus may be accomplished through democratic discussion, criticism, and self-criticism among workers. Since the company never before distributed bonuses according to the principle of "work harder and get more" and since the party and union leaders were unfamiliar with this practice, an evaluation committee, comprised mainly of members of the production committees in the work shops (which, in turn, consist of cell leaders of the union and company management executives), was formed. The evaluation committee made public its evaluation results and urged the workers to discuss them thoroughly. An active member, Chu Shao-ho, proposed the classification system which was adopted after it was first examined by the management and revised by the general meeting of the machine shops. Finally, the management laid down nine items for evaluation purposes after it first presented the whole matter for discussion among the workers.

After the classification and scoring system was determined, and evaluation procedure was formulated. The procedure consists of self-reporting, evaluation by work teams, and evaluation by the committee. Each team held a group meeting in which each worker gave himself scores on each of the nine items and reported the scores item by item to the meeting. This was followed by criticism and self-criticism. Then a vote was taken to get the team's raw score of the worker. The team score credited to each worker was then referred to the evaluation committee which made a careful comparison of the scores among all the groups, adjusted the scores which were too high or too low, and approved the final raw score.

As a result of political agitation, discussion, criticism, and self-criticism, the shyness of some workers which prevented them from speaking their minds, and the confused feelings of certain workers were gradually eliminated. All of them conscientiously took part in the evaluation. For instance, in the group meeting workers with an unsatisfactory work record often drew this comment: "You are not sufficiently active in your work. You have overscored yourself and should lower your score a little bit." But the conscientious workers were told by their fellow workers not to be too modest and underscore themselves and that they should raise their scores. As a result of group discussion and self-evaluation, the workers felt that the distribution of the bonus was just and satisfactory.

Increased political consciousness of the worker is a prerequisite to solving the problem of bonus distribution. In fact, much time was wasted in discussion because the leaders failed at the beginning to develop the political ideology of the workers. It was not until the party cell, under the guidance

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of the party branch committee, analyzed the situation and jointly conducted political indoctrination for the workers with the union that the deviation was arrested.

The workers were told that by repairing the unidentified generator they would be carrying out their pledge to support the Resist America, Aid Korea Movement. The management not only mobilized the workers politically, but also fixed the bonus in an amount not lower than the previous bonus. Consequently, the workers did not question the proposed bonus plan.

Shortcomings

This bonus system was not linked to the collective welfare of the workers and thus failed to develop their collectivist spirit. This may be remedied in two ways:

1. In addition to the regular bonus, the collective contract should provide that when a production target is fulfilled the management may initiate or improve such welfare facilities as safety and sanitation, workers' living quarters, cultural activities, etc.

2. A small portion of the bonus may be earmarked for general welfare. In their recent fuel-saving campaigns, the transport workers in Plant No 2 of the Shanghai Electric Power Company and in the Hangchow Electric Power Company earmarked 25 percent of the bonus for the trade union to improve the general welfare of the workers. This is a very desirable thing to do. However, this step was not taken in the campaign for overhauling the unidentified generator at the Shanghai Electric Power Company.

Group criticism and self-criticism conducted in this campaign was not developed into a regular system for selecting model workers. The company conducted the evaluation and criticism only for this campaign. Thus, the value of self-criticism in production has not been fully utilized. Furthermore, the absence of a regular self-criticism and evaluation system made the final evaluation rather difficult.

The bonus distributed recently did not cover engineers. Thus the bonus system failed to a certain extent to strengthen the unity within the technical personnel and to develop their usefulness. The workers noticed this shortcoming and have decided to correct it when they undertake the next repair job.

[Appended tables follow:]

Table 1. Grades of Workers

Grade	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Weighted score	70	68	66	64	62	60	58	56	54	52	50	48	46	44	42	40

Grades 1 to 6 for foremen

Grades 4 to 10 for skilled workers

Grades 9 to 16 for unskilled workers

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Table 2. Evaluation Form

<u>Item</u>	<u>Description</u>	<u>Maximum Score</u>
1	Does not quarrel or argue	10
2	Helps others voluntarily	10
3	Is enthusiastic in work	20
4	Is not absent or late and leaves on time	10
5	Takes good care of tools and machines	10
6	Contributes to employees' suggestions	15
7	Is thrifty in using materials	10
8	Is willing to learn techniques from others	10
9	Is not absent from group meetings	5

Table 3. Methods of Converting Raw Score Into Weighted Score

For Foremen

Raw score	90	85	80	75	70	65	60	Score Range: 5 points
Weighted score	70	68	66	64	62	60		

NOTE: 1. The basic weighted score for a foreman is 60. Each additional 5 points of raw score scored by a foreman counts as 2 and is added to the basic weighted score of 60 to obtain his adjusted weighted score and grade classification as indicated in Table 1.

For Skilled Workers

Raw score	90	85	80	75	70	65	60	55	50	45	Score Range 5 points
Weighted score	63.25	62	60.75	59.50	58.25	57	55.75	54.5	53.25	52	See Note 1
Rounded weighted score	62		60			58	56	54		52	See Note 2

- NOTES: 1. Basic weighted score for a skilled worker is 52. Each additional 5 points scored by the worker counts as 1.25 and is added to the basic weighted score of 52 to obtain his adjusted weighted score and grade.
2. Scores in this column are rounded off and are equal to those listed in Table 1.
3. The basic weighted score for a skilled worker is 52, therefore if he obtains a raw score of 40, his weighted score is 52.

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For Unskilled Workers

[Adjoins page 5 here.]

Raw score	90	85	80	75	70	65	60	55	50	45	40
Weighted score	52.5	51.25	50	48.75	47.5	46.25	45	43.75	42.5	41.25	40
Rounded score	52		50	48		46	44		42		40

NOTES: The score range for unskilled workers is 5. The basic weighted score for an unskilled worker is 40. Each additional 5 points of raw score scored by an unskilled worker counts as 1.25 and is added to the basic score to obtain his adjusted weighted score and grade classification corresponding to that in Table 1.

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